

Title	LGPS Discretionary Policy
Associated Policies	<ul style="list-style-type: none"> • Pensions Policy • Redundancy Policy

REVIEWED: JULY 2014

NEXT REVIEW: JULY 2017

1. Policy statement

- 1.1 Under the Local Government Pension Scheme (LGPS) (Benefits, Membership and Contributions Regulations 2008), the Brooke Weston Trust is required to compose, publish and keep under review a policy statement in relation to the exercising of a number of discretions under the LGPS.
- 1.2 To ensure value for money and financial stability, the Brooke Weston Trust has adopted an approach that befits the size, finances and current staffing levels across the Trust. In addition, the decisions regarding the discretionary powers have been taken to ensure the affordability of the scheme to all members.
- 1.3 The Brooke Weston Trust is committed to equality and this policy has been created in accordance with anti-discrimination laws, the Equality Act 2010 and with regard to age regulations.
- 1.4 In addition to the above, the Trust is required to adhere to a number of provisions and to create and implement effective procedures for the administration of the LGPS scheme. These duties and procedures are established in detail in this Policy.

2. Who does this policy apply to?

- 2.1 Academy Trust

3. Who is responsible for carrying out this policy?

- 3.1 The Board of Directors has overall responsibility for the implementation and monitoring of the LGPS Discretionary Policy for The Brooke Weston Trust.
- 3.2 The Board of Directors has responsibility for ensuring that the LGPS Discretionary Policy, as written, does not discriminate on any grounds, including but not limited to: age, ethnicity/national origin, culture, religion, gender, disability or sexual orientation.
- 3.3 The Board of Directors has overall responsibility for handling complaints regarding this policy as outlined in the Trust's Grievance Procedure. In the first instance, complaints should be directed to the Trust Finance Director.
- 3.4 The Trust Finance Director has responsibility for the day-to-day implementation and management of the LGPS Discretionary Policy across the Brooke Weston Trust.
- 3.5 The School Business Managers are responsible for monitoring overtime worked and for initiating review procedures as necessary in their individual schools.
- 3.6 Individual staff members enrolled on the LGPS will be responsible for following the LGPS Discretionary Policy.

4. What are the principles behind this policy?

The LGPS 2014 is a Career Average Revalued Earnings (CARE) scheme.

4.1 Accrual rate

The accrual rate is 1/49th.

4.2 Revaluation rate

The revaluation rate is based on the Consumer Price Index (CPI).

4.3 Pensionable pay

Pay, including non-contractual overtime and additional hours for part-time staff, is classed as pensionable pay.

4.4 Contribution flexibility

There is contribution flexibility with a 50/50 option.

4.5 Normal Pension Age

The normal pension age is equal to the member's State Pension Age (minimum 65).

4.6 Lump sum trade off

A trade off of £1 annual pension for £12 lump sum is available.

4.7 Death in service lump sum

The death in service lump sum is 3 times pensionable pay.

4.8 Death in service survivor benefits

A 1/160th accrual rate based on Tier 1 ill health pension enhancement.

4.9 Ill health provision

Tier 1 – immediate payment with service enhanced to Normal Pension Age

Tier 2 – immediate payment of pension with 25% service enhancement to Normal Pension Age.

Tier 3 – temporary payment of pension for up to 3 years.

4.10 Indexation of pension in payment

The LGPS indexation of pension in payment is based on CPI.

4.11 Vesting period

The LGPS has a vesting period of 2 years.

4.12 Administering authority details

The administering authority for the Northamptonshire Schools is Northamptonshire County Council.

The administering authority for the Cambridgeshire Schools is Cambridgeshire County Council.

5. Procedures

5.1 The Trust, as an LGPS Employer, is legally required to provide employees and LGPS scheme members with information regarding their decision to include or omit the following discretions in their LGPS scheme:

5.1.1 Whether to augment membership of an active member (by up to 10 years).

- 5.1.2 Whether to grant additional pension to a member (by up to £5,000 p.a.).
 - 5.1.3 Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).
 - 5.1.4 Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.
 - 5.1.5 Whether to grant application for early payment of benefits on or after age 55 and before age 60 (for both active and deferred members).
 - 5.1.6 Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early.
 - 5.1.7 Whether to grant an application for the reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60.
 - 5.1.8 Whether to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health pension paid early (i.e. on or after age 55 and before age 60).
 - 5.1.9 Whether the School will adopt a discretionary injury benefit scheme.
 - 5.1.10 Whether the School will permit late inward transfer of pension rights.
- 5.2 **Whether to augment membership of an active member (by up to 10 years)**
- 5.2.1 The Trust may agree, at its own cost, to award a member additional membership up to a maximum of ten years.
 - 5.2.2 The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 5.3 **Whether to grant additional pension to a member (by up to £5,000 p.a.)**
- 5.3.1 The Trust may agree, at its own cost, to award a member an additional pension up to a maximum of £5,000 p.a.
 - 5.3.2 The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 5.4 **Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)**
- 5.4.1 The Trust may agree, at its own cost (if there is any) for a member aged 55 or over, who reduces their grade, hours of work, or both, to receive all or part of their LGPS benefits immediately, even though they have not left the Trust's employment.
 - 5.4.2 The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 5.5 **Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement**
- 5.5.1 If the benefits on flexible retirement would normally be reduced for early payment, the Trust may agree, at its own cost, to waive all or part of the reduction.
 - 5.5.2 The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 5.6 **Whether to grant application for early payment of benefits on or after age 55 and before age 60 (for both active and deferred members)**
- 5.6.1 The Trust may agree, at its own cost, for a member aged 55 or over, who leaves its employment without an automatic entitlement to immediate LGPS benefits, to receive their benefits immediately.
 - 5.6.2 The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.

- 5.7 **Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early**
- 5.7.1 If the benefits payable in such cases would normally be reduced for early payment, the Trust may agree, at its own cost, to waive all or part of the reduction if there were compassionate grounds for doing so.
- 5.7.2 The Trust will consider any cases arising on their individual merits.
- 5.7.3 Decisions regarding the waiving of actuarial reductions are delegated to the Trust Finance Director and CEO.
- 5.8 **Whether to grant an application for the reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60**
- 5.8.1 **For current employees** – where there is no financial or operational disadvantage to the Trust, or where unforeseen circumstances might result in the employee suffering personal hardship, a request for early payment of benefits will normally be accepted.
- 5.8.2 It will require the prior recommendation of the Trust Finance Director and CEO.
- 5.8.3 **For former employees** – where there is no financial or operational disadvantage to the Trust, a request for early payment of deferred benefits will normally be accepted (other than on the grounds of permanent ill-health or compassion).
- 5.8.4 It will require the prior recommendation of the Trust Finance Director and CEO.
- 5.9 **Whether to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health pension paid early (i.e. on or after age 55 and before age 60)**
- 5.9.1 Only in cases where unforeseen circumstances will result in severe and lasting personal hardship will a request for early unreduced payment of benefits on compassionate grounds from a retiring employee be considered.
- 5.9.2 It will require the prior recommendation of the Trust Finance Director and CEO.
- 5.10 **Whether the Trust will adopt a discretionary injury benefit scheme**
- 5.10.1 The Trust has adopted a discretionary injury benefit scheme. This allows the payment of a lump sum or allowances to an employee that they would not otherwise be eligible for, following an injury sustained, or disease contracted, whilst carrying out their normal duties.
- 5.10.2 An award may be granted where an employee suffers a reduction in remuneration as a direct result of an injury sustained, or disease contracted, whilst carrying out their normal duties.
- 5.10.3 An award may be granted where an employee loses employment due to permanent incapacity as a direct result of an injury sustained, or disease contracted, whilst carrying out their normal duties.
- 5.10.4 A certificate from an independent registered medical practitioner (IRMP) must be obtained prior to any award.
- 5.10.5 The amount of any award will be determined by the Trust, having due regard to all the circumstances of the case.
- 5.10.6 The cost of any award will not be met out of any pension fund.
- 5.11 **Whether the Trust will permit late inward transfer of pension rights**
- 5.11.1 The Trust will consider extending the time limit of 12 months for employees to transfer the value of a previous pension scheme if there is clear evidence that they had not been informed of, or could not reasonably have known, the time limit.
- 5.11.2 The Trust will also consider extending the time limit for late inward transfers where there is evidence of significant administrative delays.

5.11.3 Decisions regarding the acceptance of late inward transfers are delegated to the Trust Finance Director.

5.12 LGPS member records

5.12.1 The School Business Managers are responsible for maintaining a clear and up-to-date record of all school staff enrolled on the LGPS scheme.

5.12.2 The record will record details of each member's:

- I. Full name
- II. National Insurance number
- III. Current full-time equivalent (FTE) salary
- IV. Hours and weeks worked
- V. Contact details for payroll and HR use

5.13 Salary reviews in light of staff overtime

5.13.1 From 1 April 2014, overtime is classed as pensionable pay. In response, the Trust is required to introduce additional measures to ensure EE payment percentages are correct and pension payments are fair and accurate.

5.13.2 To ensure fairness and clarity, the School Business Manager and Principals will review staff salaries as necessary in light of overtime acquired.

5.13.3 The maximum period of time between salary reviews for staff in the Brooke Weston Trust School is 12 months.

6. Policy review

6.1 This policy will be monitored as part of the Trust's annual internal review and reviewed on a three year cycle or as required by legislature changes.